

Is there a regulation regarding a maximum length of time self employment can be considered employment if there is no profit? At some point without a profit is it considered a hobby?

There is no regulation. However, a business without profit for two years is considered a hobby by the IRS. The client and case manager must agree on definitive steps in the process of becoming self-employed. In addition to the client having an idea to become self-employed, the client needs to explore the viability and marketability of the business venture within the geographic area of their customer base, and the case manager and client need to agree on time frames and benchmarks to measure increased business and profit in order to determine whether or not this business venture continues to be viable. The client should utilize community organizations and entrepreneurial assistance programs in the development of the business plan, as well as for recommendations for improvements on an existing business enterprise/plan through creative and/or innovative new business strategies or business models.

If the business is not showing sufficient business activity and profit in a reasonable time frame, depending on the type of self-employment and how long they have been self-employed at this business venture, the business plan and Service Plan must be reviewed to see what actions can be taken or assistance provided to increase business and profitability. If the business hasn't proven to be viable and profitable to the point that the family has achieved economic independence, then the business plan must be reviewed and a determination made as to whether or not EF will continue to support this activity as the most appropriate means for the family to achieve economic independence within the established time frame. The case manager can utilize community organizations and entrepreneurial assistance programs for reviewing and determining the viability and marketability of a new or existing business enterprise.